

HB 3240 - SB 3236

SUMMARY OF BILL: Enacts the Health Insurance Responsibility Act of 2000 and provides that the primary source of health insurance should be an employer sponsored health insurance plan. Provides that it is a taxable privilege for an employer to conduct business without providing adequate health insurance coverage to employees and families. An employee or their family is not deemed as covered if they are enrolled in TennCare. Imposes a 1.5% tax on gross revenues of employers without health insurance coverage beginning with employers of 200 or more on January 1, 2001, employers of 100 or more on January 1, 2002 and employers of 25 or more on January 1, 2003. Also requires an appropriation from recurring revenues for any bill that increases the state share of the cost of medical assistance in the TennCare (Medicaid) Program. Establishes prohibitions against wrongfully declining to issue health insurance based upon uninsurability.

Increase State Expenditures - \$216,900 First Year
\$29,900 One-Time
\$239,800 Second Year
\$16,500 One-Time
\$671,900 Third and Subsequent Years
\$60,500 One-Time

**Increase State Revenues - \$28,300,000 First Year
\$36,700,000 Second Year
\$339,400,000 Third and Subsequent Years**

Decrease Federal Expenditures – Exceeds \$640,000/TennCare

Estimate assumes:

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- the Department of Commerce and Insurance will need two positions to review underwriting guidelines of insurance companies and otherwise enforce the provisions against wrongful declination contained the bill.
- The tax on gross revenues for employers not providing health insurance coverage will come primarily from firms with 25 to 100 employees as these firms are less likely to provide insurance coverage.
- Some enrollees will leave the TennCare Program when they are enrolled in employer programs. The amount of savings cannot be determined but is estimated to exceed \$1,000,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director